



# Appendix E – Checklist for Review of Performance Audits

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# Topics of Discussion

- General Standards
  - Independence
  - Professional Judgement
  - Competence
- Fieldwork Standards
  - Planning
  - Supervision
  - Evidence and Documentation
- Reporting Standards
  - Report Content
  - Distributing
- Quality Control Policy and Procedures



# Purpose of Appendix E

- Test compliance with the Performance Audit standards covered in:
  - GAGAS Chapter 3 – General Standards
  - GAGAS Chapter 6 (Chapter 7 in the July 2007 Version) – Fieldwork Standards
  - GAGAS Chapter 7 (Chapter 8 in the July 2007 Version) – Reporting Standards
  - Additional steps may be added based on internal policies and procedures
- Appendix B is used to test General Standards at organization-wide level. Appendix E is used to test General Standards on individual Performance Audits.
- Team determines nature and extent of testing based on OIG's policies and procedures



# Performance Audits General Standards

- Independence
  - Threats? Safeguards? Was the framework applied appropriately?
  - Specialists?
  - Maintaining documentation
  - Independence issues after the report?
- Professional Judgment
  - Performing, Reporting?
  - Collaborating with Stakeholders, specialists, and management in the audit organization?



# Performance Audits General Standards

- Competence
  - Education, experience, & skills; auditors & internal specialists?
  - Knowledgeable GAGAS, environment, sampling, IT, GAAP, subject?
  - Met CPE requirements?
  - Were external specialists competent and their qualifications examined and documented?



# Performance Audits Fieldwork Standards

- Planning

- Written and updated plan that includes objectives, scope & methodology?
- Methodology design – sufficient, appropriate evidence, acceptable risk, reasonable assurance?
- Criteria identified?
- Amount and type of evidence?
- Basis for using work of others? Specialists?
- Communicated to management, those charged with governance and others?  
Documentation of communication
- Audit risk considered (not Fraud)
- Needs of potential users
- Internal control
- IT general & application controls
- Legal & regulatory requirements



# Performance Audits Fieldwork Standards

- Planning (Cont.)
  - Contract provisions
  - Grant agreements
  - Potential fraud and abuse
  - Prior audits & attestation engagements
  - Fraud risk factors identified?
    - Design procedures for detecting?
    - Significant fraud?
      - Added procedures
      - Likely occurrence
      - Effect
  - Avoid interference with investigations or legal proceedings?





# Performance Audits Fieldwork Standards

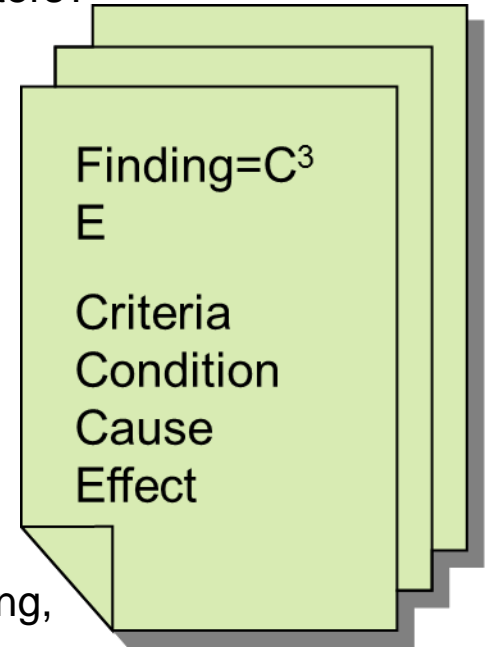
- Supervision
  - Supervisory documentation evident?
  - Supervision at the level appropriate depending on the size of the staff, significance of the work, and the experience of the staff; before audit report was issued?
  
- Evidence and Documentation
  - Document overall assessment of collective evidence.
  - Evidence valid and reliable? Sufficient and appropriate?
  - Testimonial evidence – objective, credible, reliable?
  - Sampling method?
  - Info from audited entity officials reliable?
  - Internal control effective (incl. system controls)?
  - Evidence limitations, uncertainties overcome?
  - Reliability of computer processed data? Completeness and Accuracy?





# Performance Audits Fieldwork Standards

- Evidence and Documentation (Cont.)
  - Elements of a finding? Early communication on urgent matters?
  - Document work, dates performed & reviewed?
  - Effect & context of abuse on program?
  - Test compliance with laws and regulations?
  - GAGAS requirements met?
  - Departures from GAGAS documented?
  - Policies and procedures followed for safe custody and retention?
  - Additional procedures applied to overcome limitations in evidence significant to findings and conclusions.
  - Prepared audit documentation related to planning, conducting, and reporting?





# Performance Audits Reporting Standards

- Reporting
  - Was a report issued? And in appropriate form?
  - Communication of evidence issues to those charged with governance, audited entity, or the appropriate officials; after report issuance? Is rework and reissuance required?
- Report Contents
  - Objectives – clear, specific, neutral, unbiased?
  - Why audit performed?
  - Scope – population, tests, sources, limits?
  - Scope on & deficiencies in internal controls?
  - Methodology – techniques, assumptions, criteria, sampling design, results projection?



# Performance Audits Reporting Standards

- Report Contents (Cont.)
  - Findings developed? Elements? Perspective? Supported, clear & logical conclusions? Resolve cause? Recommended actions clear and sufficient?
  - Were there evidence limitations with reliability or validity? Were they addressed?
  - Potential fraud, illegal acts, significant violations, abuse reported?
  - Violations contract, grant agreements & abuse communicated to audited entity officials?
  - Deficiencies in internal controls related to objective? Scope of review of internal controls?
  - Conclusions based on objectives and findings?
  - Proper recommendations that flowed from findings and conclusions? Directed at resolving the cause?
  - Compliance with standards?
  - Unmodified GAGAS compliance statement?
  - Modified GAGAS statement? Departures?



# Performance Audits Reporting Standards

- Report Contents (Cont.)
  - Views of responsible officials included or summarized if written or summarized if oral?
  - Evaluation of management comments?
  - Validity & reasons for disagreements?
  - Note when audited entity did not comment or refused to?
  - Excluded confidential & sensitive info? Basis for omission?
- Distributing
  - Distributed to appropriate officials?
  - Limitations documented?





# Performance Audits OIG Quality Control Policies & Procedures

- Compliance with internal polices and procedures?
  - Checklists
  - Referencing
  - Reviews...





# Summary

Appendix A – evaluates the adequacy of the OIG’s policies and procedures

Appendix E – evaluates individual performance audits

Letter of Comment – Conclusions that support that the audit team’s performance audit met professional standards, had inadequate internal policies and procedures, or did not comply with internal policies and procedures would ordinarily be reported as a finding in the Letter of Comment and would not impact the peer review rating.



Questions?